

METHODS FOR COLLECTING FEES FOR HEALTHCARE MANAGEMENT GROUP

Related Applications

The application is related to U.S. Patent Application Serial No. _____ titled "Methods and Systems For Healthcare Practice Management" filed on the same date herewith by the same inventors, which is
5 incorporated herein by reference in its entirety.

Field of the Invention

The present invention relates to the healthcare industry and, more particularly, to the field of healthcare management.

10

Background of the Invention

In the healthcare industry, as illustrated in FIG. 1, physicians generally organize themselves into practice groups **25** and normally subcontract to an insurance network **30**. The insurance network **30** is not
15 limited to traditional insurance networks, i.e., Blue Cross Blue Shield, Aetna, United Healthcare, etc., but also include self insured networks within companies, employers, or other large entities. The insurance network **30** includes a plurality of patients **35** that
20 obtain healthcare services from the plurality of

physicians **25** participating in the insurance network **30**.
The groups of physicians **25** include a plurality of
physicians **25** that provide healthcare services to a
plurality of patients **35** within a particular geographical
5 area in varying medical fields. The physicians in the
healthcare practices **25** are normally compensated a
predetermined reimbursement amount by the insurance
network **30** for every subscribing patient **35** in the
insurance network **30** that is to be treated by the
10 physicians **25**.

For example, a physician **25** participating in
the insurance network **30** may be reimbursed \$80 per month
by the insurance network **30** for agreeing to treat a
patient **35** in the insurance network **30** and assume the
15 responsibility for a percentage of the ancillary medical
costs **45** for that patient **25**. As illustrated in FIG. 1,
there exists a relationship between the insurance network
30 and the physician practice **25**. Likewise, there also
exists a relationship between the patients **35** and the
20 insurance network **30**, and the patients **35** and the
physician practices **25**. The physician practice **25**
normally receives payment for services directly from the
patients **35** or through reimbursements from the insurance
network **30**. The payment that is received from the
25 patient **35** can be in the form of a co-payment or a
partial payment for the healthcare services. In order
for the physician practice **25** participating in the
insurance network **30** to receive the entire reimbursement
from the insurance network **30**, i.e., the \$80 per month
30 for agreeing to treat each patient **35**, the physician
practice **25** must comply with preselected requirements set
by the insurance network **30**. These requirements often

fall within varying cost centers **45**, such as pharmaceutical, laboratory, anesthesiology, and radiation costs, for example.

In the pharmaceutical area, for example, a wide
5 variety of prescription medications are developed and
manufactured to combat similar illnesses. As illustrated
in FIG. 1, prescription medication manufacturers **24**
sometimes enter into agreements with the insurance
network **30**. The prescription medication manufacturers **24**
10 sometimes offer rebates to insurance networks **30** if the
physician practice **25** prescribes their medications. The
prescription medication manufacturers **24** cannot enter
into these types of agreements with the physician
practices **25**, as it would likely be contrary to public
15 policy. The insurance network **30**, in turn may enter into
an agreement with a pharmacy network **21**, such as a
pharmacy benefits management (PBM), for example, to
encourage the physician practice **25** in the insurance
network **30** to prescribe certain medications. The PBM is
20 compensated a profit on the preferred prescription
medications, and a portion of the profits are then passed
along to the pharmacy **40**. The requirements, or
preferences, set by the insurance network **30** regarding
pharmaceutical costs, for example, include the types of
25 prescription medications that the physicians may
prescribe to their patients.

In some instances, the insurance networks
provide incentives to the physician practice **25** for
prescribing medications upon which, the insurance
30 network **30** receives discounts from prescription
medication manufacturers **24**. If the physician practice
25 bears any percentage of medication costs for the
patient **35** and prescribe medications which differ from

those preferred by the insurance network 30, the incentives may be withheld from the physician practice 25, i.e., the physician practice 25 may be paid nothing instead of \$10 for the patient 35 in the insurance network 30. As illustrated in FIG. 1, the insurance network 30 monitors the prescriptions that the physician practice 25 participating in the insurance network 30 write through a monitoring relationship developed with pharmacies 40 and pharmacy networks 21. In this monitoring relationship, the pharmacy 40 and the PBM provide claims data to the insurance network 30.

There are many different levels of risk for the physician practice 25 that is associated with this arrangement. If the insurance network 30 assumes the financial responsibility for the patient's 35 healthcare needs, then the physician practice 25 assumes no risk. If, however, the physician practice 25 assumes the financial responsibility for the patient's healthcare needs, i.e., any healthcare costs beyond the reimbursement amount from the insurance network 30, then the physician practice 25 assumes the most risk. Another alternative arrangement is if the financial responsibility for the patient's 35 healthcare needs are shared between the physician practice 25 and the insurance network 30. In such an arrangement, the risk for patient's 35 healthcare costs is shared between the insurance network 30 and the physician practice 25. As illustrated in FIG. 1, the payments between the insurance network 30 and the physician practice 25 can vary depending upon the amount of risk taken by the physician practice 25.

As further illustrated in FIG. 1, patients 35 participating in the insurance network 30 obtain healthcare treatment from the physician practice 25 and pay premiums or insurance payments to the insurance network 30. They medical treatment provided to the patients 30 by the physicians in the physician practice 25 can include prescribing medications. The patients 35, however, obtain the prescription medications from the pharmacy 40 and provide either a full payment or a co-payment for the prescription medications. The patient 35 can then be reimbursed for some or all of the payment for the prescription medications from the insurance network 30.

This arrangement is disadvantageous for the physician practice 25 participating in the insurance network 30 because it requires a great deal of management and organization to follow the requirements of the insurance network 30. The system is even more disadvantageous for the physician practice 25 if it participates in multiple insurance networks 30. Each insurance network 30 maintains a preferred list of prescription medications, for example, that the physician practice 25 may prescribe to the patients 35. Further, each insurance network 30 updates their preferred list of prescription medications on a routine basis. The physician practice 25 in the insurance network 30 generally attempts to spend the majority of their time treating patients 35. The management and organization of the insurance network 30 requirements can be time consuming and eliminate some of the time that a physician practice 25 may normally dedicate to the treatment of patients 35.

Traditionally, there also has been tension between the physician practice 25 and the insurance network 30. The tension can be caused by the insurance network 30 delaying payment to the physician practice 25 with notification of a particular network requirement that has been violated, if any. In addition, the physician practice 25 normally receive very little support from the insurance network 30, such as patient history updates and information on medication costs. Tensions are also sometimes caused by the insurance network's 30 perception that the physician practice 25 over-bills for treatment and does not provide all possible treatment options for patients 35. The physician practice 25 sometimes feel pressured by the insurance network 30 to provide medical treatment to their patients 35 according to the preferences of the insurance network 30 instead of according to their own medical judgments. Of course, the physician practice 25 is free to independently treat the patients 35 in the insurance network 30 based on medical judgment, but the tension between the physician practice 25 and the insurance network 30 still exists.

The physician practice 25 is not bound by the treatment procedures that are preferred by the insurance network 30. Often, however, conflict between the insurance network 30 and the physician practice 25 can arise when the insurance network 30 prefers the physician practice 25 to perform certain medical procedures or prescribe particular medications that are more profitable to the insurance network 30. The physician practice 25 does not have the time necessary to perform exhaustive research necessary to determine if the treatment proposed by the insurance network 30 is feasible, or even safe, to

patients **35**. Prudent physicians in the physician practice **25** often do not change their treatment practices based simply on information provided by the insurance networks **30**.

5 In the interest of patient safety, physicians in the physician practice **25** should research medical literature to become more educated as to possible benefits of alternative medications. As noted above, however, this takes a great deal of time that can better
10 be used to treat patients **35**. In order to conserve the time that might normally be spent on managing and organizing the insurance network **30** requirements, however, some physician practices **35** may hire office managers. This is disadvantageous because an office
15 manager can be extremely costly and will normally need office space. The office space that may be used by the proposed office manager may be an examination room in which the physician would normally treat patients **35**. Once again, this cuts down on the number of patients **35**
20 that the physician practice **25** can possibly treat. The office manager also often only manages finances and personnel and has little understanding of physician practices **25** with respect to relationships between insurance networks **30** and physicians' **25** decisions and
25 practices with respect to patients **30**.

It has been proposed that the performance of a first healthcare provider can be compared to the performance of a second healthcare provider using a computer program as described in U.S. Patent No.
30 5,652,842 titled "Analysis and Reporting of Performance of Service Providers", by Siegrist, Jr. et al. More particularly, a method of monitoring customer satisfaction so as to keep the healthcare providers

competitive in many different fields is described. The method described in Siegrist, Jr. et al., however, is disadvantageous to group physicians in organizing and managing healthcare costs that are dependant upon preferred treatment of the insurance network.

Often times, in an effort to become more profitable, a healthcare practice **25** or a self insured employer may study the current relationship between the healthcare practice group **25** and the insurance network **30** or hire a business consultant to analyze this relationship and make recommendations as to how to become more profitable. This, however, is disadvantageous because the business consultant does not have accountability for the results. In other words, the business consultant analyzes the situation, makes a recommendation and collects a fee for the time spent in analyzing the situation. This is normally the end of the relationship between the business consultant and the physician **25**. The responsibility for implementation is then shifted to the healthcare practice **25**, with some added knowledge provided by the business consultant who has collected a fee and exited the situation, to make the practice more profitable with no assistance.

Hiring a business consultant is also disadvantageous because the healthcare practice **25** has to assume risk for engaging the business consultant to review the healthcare practice **25**. This is also disadvantageous because prudent physicians will normally take time to evaluate the expertise of the business consultant if the situation calls for the healthcare practice **25** to assume a risk. This is further disadvantageous because the healthcare practice **25** is left with the responsibility of implementing the

suggestions of the business consultant in cases where the consultant merely analyzes the situation and provides information.

When the physician practice **25** is not able to
5 organize and manage medical treatment information in a
manner that is preferred by the insurance network **30** in
which they participate, there only exist two possible
results. Either the physician practice **25** receives lower
reimbursements from the insurance network **30**, or the
10 insurance network **30** is less profitable. No matter which
result occurs, however, the ultimate end result is higher
medical costs for patients **35**. Therefore, the patients
35 are the real losers in the situations described above.

15 **Summary of the Invention**

With the foregoing in mind, the present
invention advantageously provides a system and methods
for optimizing profits of a healthcare practice. The
system and methods of the present invention also
20 advantageously assist physicians and insurance providers
in providing cost-effective healthcare services to
patients. The present invention additionally
advantageously eliminates the time necessary for
physicians to conduct exhaustive research in determining
25 if alternative, and more profitable, ancillary medical
procedures are beneficial to their patients. The present
invention also advantageously substantially reduces
manpower, expense, and tool-development necessary to
implement management changes that decrease healthcare
30 costs. The system and methods of the present invention
further advantageously assist in controlling the rising
costs of medical care by reducing physicians' ancillary
medical costs. The present invention still further

advantageously strengthens the relationship between physicians and insurance providers by providing an intermediary between the two. The present invention also advantageously decreases financial risk for a healthcare practices or an insurance network in engaging a healthcare consultation group to manage healthcare costs.

The present invention also advantageously provides a pricing, billing, or charging structure that provides accountability to a healthcare consultation group. If the healthcare consultation group can be held accountable for performance, then healthcare practices and insurance networks are more likely to trust. Further, the healthcare practice and the insurance network are provided an incentive to employ the services of the healthcare consultation group.

More particularly, the present invention provides a method of collecting fees for managing and optimizing the profitability of a plurality of physicians in a healthcare practice participating in an insurance network. The method includes the step of establishing a relationship between a healthcare consultation group and the healthcare practice participating in the insurance network to increase the physician's profitability by reducing a risk of not receiving a predetermined reimbursement amount for ancillary medical costs from the insurance network. The method also includes the step of distributing predetermined percentages of savings attributed to the physicians' modified ancillary medical cost management behavior. The method of collecting fees can also advantageously include the step of funding an incentive pool to be paid to the healthcare practice participating in the insurance network if the healthcare costs of the plurality of physicians in the healthcare

practice decrease to a predetermined level over a preselected period of time.

The present invention also advantageously includes a method of collecting fees for managing and optimizing the profitability of an insurance network having a plurality of physicians in a healthcare practice participating therein. The method advantageously includes the step of establishing a relationship between a healthcare management consultation group and the healthcare practice participating in the insurance network to increase the insurance network's profitability by limiting the plurality of physicians' ancillary medical cost management behavior that is not preferred by the insurance network. The method also includes the step of distributing predetermined percentages of savings attributed to the physicians' modified ancillary medical cost management behavior.

The present invention advantageously includes the formation of a team relationship working towards a common goal having aligned incentives, i.e., a team working towards the goal of enhancing profitability. The present invention also advantageously provides accountability to the healthcare consultation group. Accountability will ease the minds of the healthcare practice and insurance network giving the healthcare consultation group a chance to prove that profits can be enhanced. This arrangement advantageously allows all involved to gain, including patients through more cost-effective medical care. The present invention also advantageously eliminates the time necessary for healthcare practices and insurance networks to research references of the healthcare consultation group because there is no risk for the insurance network or the

healthcare practice to engage the healthcare consultation group.

Brief Description of the Drawings

Some of the features, advantages, and benefits of the present invention having been stated, others will become apparent as the description proceeds when taken in conjunction with the accompanying drawings in which:

FIG. 1 is a schematic view of a typical relationship between physicians, insurance networks, and patients according to the prior art;

FIG. 1A is a schematic view of a relationship between physicians, insurance networks, patients, and a healthcare consultation group according to the present invention;

FIG. 2A is a flow chart describing the method of managing ancillary medical costs for healthcare practices and insurance networks according to the present invention;

FIG. 2B is a flow chart describing the method of modifying ancillary medical procedures according to the present invention;

FIG. 2C is a flow chart describing the method of educating physicians on the benefits of alternative ancillary medical procedures according to the present invention;

FIG. 3 is a flow chart describing the method of managing ancillary medical costs and optimizing profitability for an insurance network according to the present invention;

FIG. 4 is a schematic view of a system for a healthcare practice including a plurality of physicians participating in an insurance network according to the present invention;

FIG. 5 is an environmental view of a physician accessing a communications network through a user interface of a system for a healthcare practice to obtain information regarding management of ancillary medical costs according to the present invention;

FIG. 6 is an environmental view of a physician researching an information card positioned in a patient's chart to determine if an alternative ancillary medical procedure is appropriate according to the present invention; and

FIG. 6A is a front elevational view of an information card that can be positioned in a patient's chart according to the present invention.

Detailed Description of Preferred Embodiments

The present invention will now be described more fully hereinafter with reference to the accompanying
5 drawings which illustrate preferred embodiments of the invention. This invention may, however, be embodied in many different forms and should not be construed as limited to the embodiments set forth herein. Rather, these embodiments are provided so that this disclosure
10 will be thorough and complete, and will fully convey the scope of the invention to those skilled in the art. Like numbers refer to like elements throughout, the prime notation, if used, indicates similar elements in alternative embodiments.

15 FIGS. 1A-9 illustrate systems and methods of optimizing profitability of healthcare practices and insurance networks by managing ancillary medical costs. As illustrated in FIG. 1A, the present invention preferably includes a healthcare consultation group
20 that forms an intermediary relationship between a healthcare practice 25 and an insurance network 30. The

healthcare practice **25** preferably includes a plurality of physicians **27** practicing in one or more medical fields in a particular geographic area. The healthcare consultation group **22** determines the most efficient
5 manner to manage ancillary medical costs **45** to thereby increase profitability of the healthcare practice **25** and the insurance network **30** by decreasing ancillary medical costs **45**. In cases where the financial responsibility for patient care is divided between the insurance network
10 **30** and the healthcare practice **25**, the healthcare consultation group **22** can also advantageously manage ancillary medical costs **45** of the insurance network **30** and the healthcare practice **25** to thereby decrease ancillary medical costs **45**, thereby increasing
15 profitability of both the insurance network **30** and the healthcare practice **25**. Ancillary medical costs **45** can include pharmacy costs, for example. The ancillary medical costs **45** can also advantageously include any one of a number of medical cost centers such as taken from
20 federally-defined hospital departments. These can include, but are not limited to, anesthesiology, blood, blood storage procedure and administration, radiology, electroencephalogram (EEG), electrocardiogram (EKG), emergency room, IV therapy, organ and tissue acquisition,
25 labor and delivery, medical/surgical supplies, nuclear medicine, occupational therapy, operating room, physical therapy, recovery room, renal dialysis, respiratory therapy, special care, speech therapy, and therapeutic radiology. These general categories also can be broken
30 down into more specific categories as understood by those skilled in the art.

As perhaps best illustrated in FIGS. 1A-4, the present invention provides methods for managing a

healthcare practice **25** to optimize the profitability of the healthcare practice **25** by decreasing the healthcare costs of the healthcare practice **25**. As illustrated in FIG. 3, the present invention also provides methods of

5 optimizing the profitability of an insurance network **30** having a plurality of physicians **27** in a healthcare practice **25** participating therein by managing ancillary medical costs **45**, i.e., pharmacy costs, of the healthcare practice **25**, or a combination of the healthcare practice

10 **25** and the insurance network **30**. The present invention is particularly advantageous for use in association with pharmacy cost because of the large year to year increases in the cost of prescription medications and other pharmaceutical related costs. The method of managing the

15 healthcare practice **25** and the method of optimizing the profitability of the insurance network **30** includes gathering data **50** from each of the plurality of physicians **27** in the healthcare practice **25** participating in the insurance network **30** regarding management of

20 ancillary medical costs **45**. The step of gathering of data **50** preferably includes conferring with the healthcare practice **25** and the insurance network **30** to determine the number of patients **35** participating in the insurance network **53** and the current ancillary medical

25 procedure used to treat those patients **35**. In a case where the ancillary medical cost **45** is pharmacy cost, for example, the method includes gathering data from the physicians **27** regarding the number of pharmacy claims over a predetermined period of time, the number of

30 patients **35** treated by the physician **27**, and demographic information about the physician **27**.

Data is also gathered from ancillary medical facilities **52** regarding ancillary medical costs **45** of each of the plurality of physicians **27** in the healthcare practice **25** participating in the insurance network **30**.

5 This data can advantageously include claims information, claim types and cost data regarding the claims. This data can also advantageously be gathered from the healthcare practice **25** or the insurance network **30**. The data collected from the ancillary medical facilities **40**
10 can be available on an ancillary medical network database, such as a pharmacy network listing pharmacy costs for each of a plurality of physicians **27** in the healthcare practice **25**. Again, in a case where the ancillary medical cost **45** is pharmacy cost, for example,
15 the method of gathering data **50** includes obtaining average wholesale pharmacy costs from pharmacy networks such as First Databank, Red Book, and Blue Book, for example, or any other pharmacy network as understood by those skilled in the art. The step of gathering data **50**
20 from the pharmacy also includes getting monthly updates from the pharmacy network regarding average wholesale pharmacy costs. The step of gathering data **50** further preferably includes extrapolating a contracted price of prescription medications from the pharmacy claims data.

25 If the ancillary medical cost **45** is pharmacy cost, for example, then the step of gathering data **50** can advantageously include preparing a management report that includes information regarding the physician's pharmacy cost performance measured by per member per month (PMPM)
30 costs. The management report can also advantageously include a physician report card to inform the physician **27** of current performance and high cost patient reports from the physician **27**. The report card is advantageously

detailed for each physician 27 based on prescribing patterns, costs of management behavior to them and the healthcare practice 25, peer-reviewed alternative prescription medications, and potential savings if followed. The report cards are then presented to the identified physician 27 so that they can perform their own analysis. The healthcare practice 25 can advantageously encourage the physician 27 to give the report consideration. The management report can also advantageously include a list of the top medication providers, e.g., the top fifty high-cost prescription medication providers and a pharmacy cost management report.

The method of managing the healthcare practice 25 and the method of optimizing the profitability of an insurance network 45 both further preferably include identifying at least one physician 56 in the healthcare practice 25 that is engaging in ancillary medical procedures that are not as profitable or preferred by the insurance network 30. Physicians 27 who engage in the ancillary medical procedures that are not preferred by the insurance network 30 are sometimes at risk of not receiving a predetermined reimbursement amount from the insurance network 30. These ancillary medical procedures can include the prescription of medications that are not as profitable to the insurance network 30 or the physicians 27 in the healthcare practice 25. In cases where the financial responsibility for patient 35 care is shared between the healthcare practice 25 and the insurance network 30, then the profitability of both the insurance network 30, and the healthcare practice 25 are enhanced. Typically, alternative medications are available that combat the same illnesses. In some

instances, however, either the physician is not familiar with the alternative medication or the patient **35** insists on a particular brand-name medication merely because the brand-name medication has been greatly advertised, marketed, or commercialized.

The step of identifying the at least one physician **56** preferably includes analyzing the data **58** collected from the physicians and the ancillary medical network databases to determine the ancillary medical costs **45** of each physician **27** in the healthcare practice **25**. The step of identifying the at least one physician **56** also preferably includes calculating **60** an average ancillary medical cost per physician in the healthcare practice **25**. After an average is calculated **60**, physicians **27** having ancillary medical costs **45** that fall a predetermined standard deviation away from the average, e.g., two standard deviations from the average of their peers in the healthcare practice **25**, are identified **56** and targeted for intervention. Should a point be reached where no physician **27** falls beyond the two standard deviation limit, then a predetermined percentage of the physicians having the highest or higher than average ancillary medical costs **45** will be considered for intervention.

The method of managing the healthcare practice group **20** and optimizing the profitability of an insurance network **30** both further include identifying patients **27** and ancillary medical procedures that have costs above the average ancillary medical cost calculated above. For example, the step of identifying patients **27** whose ancillary medical costs **45** are greater than the average ancillary medical costs per physician can include identifying patients who have pharmacy costs greater than

the average pharmacy cost of the physician. Another example preferably includes identifying prescription medications having a higher cost than the average prescription medication cost of the healthcare practice

5 25.

When the physician 27 that has ancillary medical costs 45 greater than the average ancillary medical costs of the healthcare practice 25 is identified, the method of managing the healthcare practice group 20 and optimizing the profitability of an insurance network 30 both further include conferencing with the identified physician 27 to discuss the impact of not taking any action regarding ancillary medical cost 45 overruns.

15 The method of managing the healthcare practice 20 and the method of optimizing the profitability of an insurance network 30 both further include modifying the physician's management behavior 65 regarding the ancillary medical costs 45. The physician's management behavior is modified to advantageously reduce the risk of not collecting the predetermined reimbursement amount from the insurance network 30 to thereby increase the physician's profitability. The physician's modified management behavior can also advantageously increase the profitability of the insurance network 30.

25 The step of modifying the physician's management behavior includes educating 70 the at least one physician 27 on benefits of alternative ancillary medical procedures. The education 70 of the physician 27 can be performed using research literature for comparing the alternative ancillary medical procedures to current ancillary medical procedures. The education 70 can further include organizing continued medical education

classes **71** through ancillary medical facilities and can also include the education **72** of nurses and ancillary staff members. This is advantageous because continued medical education classes are generally required in order
5 for a physician **27** to keep licensing requirements current. The continued medical education can advantageously fulfill the physician's licensing requirement while simultaneously educating the physician **27** as to the benefits of alternative ancillary medical
10 procedures that may be more advantageous to themselves as well as to their patients.

The step of educating **70** the at least one physician **27** advantageously includes providing the at least one physician national treatment gridlines for
15 stepwise treatment of disease states. Too often prescription medication representatives, such as sales representatives, convince physicians **27** that the newest medication is necessary to treat patients **35** and other regimens should be skipped or abandoned. The step of
20 educating **70** the physicians **27**, therefore, includes recommending that physicians **27** follow nationally recognized guidelines and treatment protocols, such as from the Center for Disease Control (CDC) and the National Institute of Health (NIH), for example.

25 This advantageously ensures that community accepted standards of care are being provided. The step of educating **70** the physicians **27** also advantageously includes identifying the medications of choice for given disease states and verify, through data analysis and
30 dialog that medical research indicates that modified physicians behavior will have a favorable impact. The step of educating **70** the physicians **27** using peer-reviewed, medical research based literature recommending

nationally recognized guidelines also advantageously decreases liability incurred by physicians **27**. The physicians' **27** medical malpractice liability can advantageously be decreased if the physician follows
5 nationally recognized guidelines and treatment protocols.

The step of modifying the physician's management behavior also includes providing patient history updates. If, for example, the physician **27** makes a decision to modify a patient's **35** prescription
10 medication in the interest of decreasing pharmacy cost, for example, the patient history updates become very advantageous for the general safety and welfare of the patient **27**. At the time of ordering the new prescription, physicians **27** may not have all the
15 patient's **35** medical history to prescribe a medication without inducing an adverse drug reaction (ADR). ADR's often lead to increased repeat visits to the physician **27** for the same ailment and possibly to a hospital, which increase the healthcare practice's **25** health care cost
20 tremendously. After the gathered data, provided by a pharmacy benefits management (PBM) company or a pharmacy claims benefit administrator, for example, is analyzed, printouts of the patients' **35** prescription history can advantageously be provided to the physician **27**. These
25 printouts may be included in patient **35** charts for up-to-date reference by the physicians **27**.

As best illustrated in FIG. 2A, the method of managing the healthcare practice **25** and the method of optimizing profitability of the insurance network **30**
30 further includes providing a list of ancillary medical procedures, e.g., a list of preferred prescription medications, that are preferred by the insurance network **30**. If the physicians **27** follow the suggested ancillary

medical procedure list, the physicians **27** are more likely to receive the predetermined reimbursement from the insurance network **30**, thereby providing enhanced profits to the physicians **27** as well as to the insurance networks **30**. The enhanced profitability advantageously allows the insurance network **30** and the physicians **27** to provide more cost-effective medical treatment to the patients.

As also illustrated in FIG. 2A, the methods of managing the healthcare practice **25** and optimizing profitability of the insurance network **30** also advantageously include providing custom ancillary medication procedure forms **75**, i.e., custom prescription medication pads, for use by the physician **27** to easily recognize which ancillary medical procedures are preferred by the insurance network **30**. For example, the physician **27** is provided a custom prescription medication pad **75** that includes a vast list of prescription medications that are preferred by the insurance network **30**. This eliminates the time necessary for the physician **27** to perform research on which medications are preferred by the insurance network **30**.

Physicians **27** sometimes participate in a number of insurance networks **30**. Differing insurance networks **30** normally have differing preferred ancillary medical procedures. When the physicians **27** participate in differing insurance networks **30**, it becomes difficult to determine which ancillary medical procedures are preferred by each of the different insurance networks **30**. The various insurance networks **30** normally have overlapping ancillary medical procedures. Therefore, the step of providing custom ancillary medical procedure customization forms also includes the step of providing custom ancillary medical procedure forms that account for

the overlapping ancillary medical procedures of the various networks and advantageously eliminate the need for the physician **27** to take the time to research what insurance network **30** the patient **35** participates in and
5 which ancillary medical procedures are preferred by the particular insurance network **30** in which the patient **35** participates. The custom ancillary medical form that accounts for overlapping ancillary medical procedures between various insurance networks **30** advantageously
10 allows the physician **27** to engage in any ancillary medical procedure that is listed on the form without any risk of not receiving the predetermined reimbursement amount from the insurance network **30**.

As best illustrated in FIG. 2A-2C the methods
15 of managing a healthcare practice **25** and optimizing profitability of an insurance network **30** of the present invention also includes providing patient intervention **80** to enhance the profitability of the physicians **27** and the insurance networks **30**. One source of increased ancillary
20 medical costs are unnecessary patient requests. The patients **35** sometimes request particular ancillary medical procedures because of a lack of knowledge regarding alternative ancillary medical procedures. For example, some patients **35** insist on brand-name
25 medications that are largely commercialized without having the requisite knowledge to make an informed decision regarding alternative ancillary medications. The step of providing patient intervention **80** advantageously includes identifying **56** the patients who
30 participate in ancillary medical procedures that are not preferred by the insurance network **30** and put the physician **27** at risk of not receiving a predetermined reimbursement from the insurance network **30**. The method

of providing the patient intervention **80** also advantageously includes discontinuing **82** the current ancillary medical procedure and amending it with a new ancillary medical procedure that is preferred by the insurance network **30** and reduces the risk of the physician **27** not receiving the predetermined reimbursement amount from the insurance network **30**.

The step of providing patient intervention can advantageously include contacting patients **35** that are affected by poly-pharmacy and non-compliance, for example. The step of contacting patients includes contacting the patients **35** on a monthly basis. Poly-pharmacy occurs when the patient **35** is taking medications with ADR's, unnecessary medications, or those from the same medication class. In addition, if it is discovered during the step of analyzing the gathered data that the patient **35** is not taking the prescription medication as required, the step further includes contacting the patient **35** with a directive to comply with the treatment protocols. The contact to the patient **35** can, for example, be made in the form of a letter written on the physician's **27** letterhead.

The step of providing patient intervention also advantageously includes determining if stronger disease state management techniques are required. This determination is conducted on a monthly basis. For those patients **35** with aggressive diseases, specialist organizations are employed to provide recommendations to the physicians **27** and the patients **35** on the latest treatments techniques.

The steps of discontinuing and amending **82** current ancillary medical procedures includes providing information to the patients **35** regarding the benefits of

the new alternative medical procedure, e.g., information that a lay-patient can understand regarding the benefits of an alternative prescription medication. The step of providing patient intervention also includes providing a
5 monthly review of patient's charts to determine if the new ancillary medical procedures are sufficient for the patient's treatment. As patients are identified 56 that are not being treated per guidelines of alternative ancillary medical procedures, a chart 48 is
10 advantageously inserted into a patient's medical chart, recommending an alternative ancillary medical procedure. The chart insert 48 advantageously includes an explanation of the recommended and pre-written ancillary medical procedure orders, i.e., pre-written
15 prescriptions, for the physician's approval.

The physicians 27, however, do not always yield to the preferred ancillary medical procedures of the insurance network 30. When the physicians 27 encounter a situation where, relying on their vast medical
20 knowledge, they know a proposed ancillary medical procedure is detrimental to the patient 35, then the insurance network 30 is approached to consider modifying their preferred ancillary medical procedures. Like the physicians 27, the insurance network 30 is educated
25 regarding the benefits of the ancillary medical procedure that they seek to modify. This advantageously levels the playing field between physicians 27 and insurance networks 30. The present invention provides for the possibility that the insurance network 30 will yield to
30 the medical judgment of the physician 27 concerning the treatment of patients 35.

The step of discontinuing an ancillary medical procedure 82 further includes the step of preparing a

plurality of letters. The step of preparing letters includes the healthcare consultation group **22** obtaining permission **84** from the physician **27** to distribute letters **85** to the patients **35** that are candidates for
5 modification of ancillary medical procedures. One of the plurality of letters informs the ancillary medical facility of the discontinuation of a particular ancillary medical procedure **86**. Another of the plurality of letters informs the patient that a particular ancillary
10 medical procedure is discontinued **87**. The letters can advantageously be written on the physician's letterhead. The letter to be sent to the patient **87** advantageously includes a detailed explanation of why the ancillary medical procedure is being modified, the benefits of the
15 new ancillary medical procedure, and the advantages that patient **35** will obtain from using the new ancillary medical procedures. The letter to be sent to the ancillary medical facility **86** instructs the ancillary medical facility that the ancillary medical procedure is
20 discontinued and can also advantageously inform the ancillary medical facility of an amendment to the ancillary medical procedure. The step of discontinuing the ancillary medication also includes providing the physician **27** with a list of "frequently asked questions
25 and answers" so that the physician **27** is prepared for what may be difficult questions posed by the patients **35**. This advantageously allows the physician **27** to give the patients **35** clear and concise answers that do not make the patient **35** feel as though the physician **27** and the
30 insurance network **30** are taking advantage of the patient.

The step of providing patient intervention also advantageously includes ordering a new alternative ancillary medical procedure upon a new diagnosis **83**. The

step of ordering a new ancillary medical procedure advantageously includes providing a monthly update **90** to the physicians **27** regarding new alternative ancillary medical procedures. The monthly updates can come in the
5 form of a newsletter, for example. The step of ordering a new ancillary medical procedure also advantageously includes providing a review **91** between the physician **27** and the healthcare consultation group **25** regarding new ancillary medical procedures and education **92** provided to
10 the physicians **27** and patients **35** regarding the new ancillary medical procedures. The patient's chart is periodically reviewed **93** to ensure that the new ancillary medical procedure is effective and treatment guidelines are provided **94** on a chart insert **48**, as illustrated in
15 FIG. 6A.

The methods of managing the healthcare practice **25** and optimizing the profitability of the insurance network **30** also advantageously includes updating **90** physicians **27** regarding changes of ancillary medical
20 procedures preferred by the insurance network **30**. The step of updating **90** can advantageously include mailing the updated changes to each of the physicians **27** in the healthcare provider group **22** using a newsletter, or can advantageously include transmitting the changes to the
25 physicians **27** via electronic mail or flyers, or other types of updates. The step of updating **90** can also advantageously include connecting to a communications network **100** where to access the updated information. This advantageously eliminates the time necessary for the
30 physicians **27** to research new preferred ancillary medical procedures. The updates are also a form of continuing education for the physician **27** to learn of new techniques

and medications that are available to enhance the treatment of the patients **35**.

Some healthcare practices **25** have opted to use personal digital assistants (PDAs) or other electronic data entry and retrieval hardware in their practices. For those groups, whenever possible, the hardware and/or software will be integrated with the information and services provided as described above. Allscripts, Parkstone, and Realtime Rx are just a few examples of companies that sell or lease such equipment. This will be done in an effort to disencumber the physicians **27** so they can focus on better management of their time.

As best illustrated in FIGS. 1A and 5, the present invention advantageously includes a healthcare management optimization system **20** for a healthcare practice **25** including a plurality of physicians **27** participating in an insurance network **30**. The system can advantageously include a server **102** with a database **103** and a communications network **100**. The system **20** also preferably includes a plurality of computers **108** positioned to be in communication with the communications network **100**, each including a user interface responsive to a user **U**. The database **103** can advantageously include first **105** and second **107** databases. The first database **105** includes information regarding preferred ancillary medical procedures of an insurance network. The second database **107** includes ancillary medical costs of a plurality of physicians **27** participating in the insurance network **30**. The system further includes an updater **109** positioned on the server **102** and responsive to the user interface for updating each of the plurality of physicians **27** on any changes of preferred ancillary medical procedures preferred by the insurance network **30**.

The system **20** of the present invention also includes an analyzer such as provided by software programs stored on a computer or processor as understood by those skilled in the art positioned on the server **102** and in communication with the first **105** and second **107** databases for comparing the ancillary medical procedures that are preferred by the insurance network **30** with the ancillary medical costs **45** of the plurality of physicians **27** participating in the insurance network **30**. The analyzer advantageously identifies ancillary medical costs **45** of the physicians **27** that are not preferred by the insurance network **30**. The analyzer further includes calculating means for calculating an average ancillary medical cost **45** per physician **27** for the healthcare practice **25**. The average ancillary medical cost **45** is used to identify the physicians **27** that are in need of assistance to reduce the risk of not receiving the predetermined reimbursement amount for ancillary medical costs **45** from the insurance network **30**.

The system **20** still further includes recommending means, e.g., provided by software as understood by those skilled in the art, positioned on the server **102** and responsive to the user interface for recommending to each of the plurality of physicians **27** alternative ancillary medical procedures that are preferred by the insurance network **30**. The recommending means can advantageously be provided by software that resides on the server **102**. The system also preferably includes managing means, e.g., provided by software as understood by those skilled in the art, for managing ancillary medical cost management behavior of the physicians **27**. The managing means can advantageously be provided by software that resides on the server **102**. The

managing means preferably includes a modifier to modify the management behavior of the physicians **27** so that the physicians **27** engage in ancillary medical procedures that are preferred by the insurance network **30**. The managing
5 means also includes an identifier for identifying at least one of the plurality of physicians **27** in the healthcare practice **25** participating in the insurance network **30** that is at a greater risk of not receiving a predetermined reimbursement amount for the ancillary
10 medical costs **45** from the insurance network **45** because of engagement in ancillary medical procedures that are not as profitable to the insurance network **30**.

The system **20** of the present invention still further includes patient intervening means, e.g.,
15 provided by software as understood by those skilled in the art, for identifying at least one patient **35** whose present ancillary medical procedures are not preferred by the insurance network **30**. The patient intervening means can advantageously be provided by software that resides
20 on the server **102**. The management means of the system **20** further includes generating means, e.g., also preferably provided by software as understood by those skilled in the art, for generating a plurality of letters to modify the ancillary medical procedures of the physician **27**.
25 The letters include first and second letters. The first letter informs the ancillary medical facility that the patient's **35** present ancillary medical procedure is modified. The second letter is sent to the patient **35** to inform the patient of the new ancillary medical
30 procedure. The second letter includes educational information informing the patient **35** of the benefits of the new ancillary medical procedure and educational

materials that may answer any questions that the patient 27 may have.

As illustrated in FIG. 3, the present invention also provides methods of collecting fees 120 for managing
5 and optimizing the profitability of a plurality of physicians 27 in a healthcare practice 25 and for managing and optimizing the profitability of an insurance network 30. The method includes establishing a relationship 122 between a healthcare consultation group
10 22, a plurality of physicians 27 in a healthcare practice 25, and an insurance network 30. This advantageously provides a team working towards a common goal, i.e., a team working towards the goal of enhancing profitability through better and more cost-effective healthcare. The
15 newly established relationship can be used to modify the physicians' ancillary medical cost management behavior to enhance the profitability of the insurance network 30 and to reduce the physician's 27 risk of not receiving a predetermined reimbursement amount for ancillary medical
20 costs from the insurance network 30.

The method of collecting fees 120 can advantageously include the step of the healthcare consultation group 22 funding an incentive pool 124 to be paid to the healthcare practice 25, or to the insurance
25 network 30, depending upon who hires the healthcare consultation group 22. The healthcare consultation group 22 only collects a fee if their services to the healthcare practice 25 and the insurance network 30 are successful. Therefore, the fees are only collected on a
30 success-fee basis. In some cases, however, a nominal fee may be charged by the healthcare consultation group 22 before services are performed. The measure of success of the services of the healthcare consultation group 22 is

a decrease in healthcare costs of the insurance network **30** and the physicians **27** in the healthcare practice **25** for specific ancillary medical costs **45**. If services of the healthcare consultation group **22**, however, do not
5 decrease healthcare costs for the plurality of physicians **27** or the insurance network **30** below a predetermined level over a preselected period of time, the funds in the incentive pool are turned over to the healthcare practice **25** or the insurance network **30**, depending on who is the
10 healthcare consultation's group **22** client. This advantageously provides accountability to the healthcare consultation group **22**. Accountability will ease the minds of the healthcare practice **25** and insurance network **30** giving the healthcare consultation group **22** a chance
15 to prove that profits can be enhanced.

The method of collecting fees **120** further includes distributing predetermined percentages **126** of savings attributed to the services of the healthcare consultation group **22**. As illustrated in FIG. 3, the
20 savings are distributed to the healthcare practice **Y**, the healthcare consultation group **Z** and the insurance network **X**. For example, the percentages can be 40% to the consultation group. Clearly these percentages can vary depending on the client of the consulting group and an
25 agreement between the parties. This arrangement advantageously allows all involved to gain, including patients, through more cost-effective medical care. The predetermined percentage that is distributed to the healthcare practice **Y** can advantageously be further
30 distributed **128** in predetermined percentages evenly to the healthcare practice **25** or allocated proportionately according to the savings of each of the plurality of physicians **27** in the healthcare practice **25**.

The step of distributing predetermined percentages **126** of savings attributed to the services of the healthcare consultation group **22** can advantageously vary depending on whether the client of the healthcare consultation group **22** is the healthcare practice **25** or the insurance network **30**. The distributed percentages can advantageously be equal between the healthcare consultation group **22**, the insurance network **30**, and the healthcare practice **25**. If, for example, the client of the healthcare consultation group **22** is the healthcare practice **25**, then the predetermined percentages distributed to the healthcare consultation group **22** and the healthcare practice **25** can be greater than the predetermined percentage of the savings that are distributed to the insurance network **30**, e.g., the insurance network **30** may not collect any percentage of the savings. If, however, the client of the healthcare consultation group **22** is the insurance network **30**, then the predetermined percentages distributed to the healthcare consultation group **22** and the insurance network **30** can be greater than the predetermined percentage of the savings that are distributed to the healthcare practice **25**.

The method of collecting fees can also advantageously include a pricing, billing, or charging structure. The pricing structure of the healthcare consultation group **22** is straight forward. The clients, i.e., the healthcare practice **25** or the insurance network **30**, measure their ancillary medical costs, or pharmacy costs for example, on a per-member per-month (PMPM) basis. During a pharmacy assessment, an average PMPM pharmacy cost (baseline PMPM) is calculated using the clients past six months pharmacy claims and membership

data. Each month, the current month's average PMPM pharmacy cost is subtracted from baseline PMPM in order to determine the savings realized from the healthcare consultation group's **22** services.

5 A commission fee can advantageously be calculated on predetermined percentage of the monthly client savings, e.g., 50% of monthly savings, multiplied by the number of patients each month. For example, a sustained \$1.00 PMPM savings for client with 30,000
10 covered lives would yield to the healthcare consultation group **22** \$15,000 per month, for up the duration of the contract. The contract can span between one and three years, for example, or can have a longer duration. The healthcare consultation group **22** can collect a smaller
15 fee percentage for longer contract durations. If the client desires a longer contract duration, the baseline PMPM can advantageously be increased yearly with respect to annual inflation increases of wholesale prescription medication costs. The risk reversal for the client is
20 that if there is no savings any month, the client pays nothing.

The pricing structure can also advantageously include a referral commission, e.g., \$0.25, for each covered life, or a percentage of the client's savings for
25 example, provided to the strategic marketing partners. This referral commission compensates for the commissions paid to sales people and people who refer business to the healthcare consultation group **22**. Thus, the healthcare consultation group **22** minimizes the marketing budget
30 while advantageously maximizing marketing results.

The application is related to U.S. Patent Application Serial No. _____ titled "Methods and Systems for Healthcare Practice Management" filed on the

same date herewith by the same inventors, which is incorporated herein by reference in its entirety.

In the drawings and specification, there have been disclosed a typical preferred embodiment of the invention, and although specific terms are employed, the terms are used in a descriptive sense only and not for purposes of limitation. The invention has been described in considerable detail with specific reference to these illustrated embodiments. It will be apparent, however, that various modifications and changes can be made within the spirit and scope of the invention as described in the foregoing specification and as defined in the appended claims.